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NEWS RELEASE

PHILADELPHIA - A civil settlement has been reached with Cardinal Health 100, Inc., a wholesale pharmaceutical distributor headquartered in Ohio, and Bindley Western Industries, Inc., which had been headquartered in Indiana, announced United States Attorney Zane David Memeger. Cardinal Health acquired Bindley Western Industries in 2001. The settlement resolves claims that they overcharged for pharmaceuticals sold to military treatment centers. The settlement agreement requires the companies to pay the United States government a total of \$5.5 million.

The companies were pharmaceutical prime vendors of the Department of Defense. Each company agreed to acquire pharmaceutical products from drug manufacturers and to distribute the products to Department of Defense medical treatment facilities. Cardinal and Bindley agreed not to charge the government more than the prices negotiated between the Department of Defense and drug manufacturers.

The United States contends that between June 1997 and December 31, 2000, contrary to the terms of their contracts, Cardinal and Bindley charged the government more than the negotiated prices for certain pharmaceutical purchases, which resulted in an overpayment by the government. Cardinal and Bindley deny the government's contentions. The settlement requires Bindley to pay the United States \$5 million and Cardinal to pay the United States \$500,000. The companies also have released any claims they may have had against the United States arising before January 1, 2000, in connection with the prime vendor contracts.

The United States Attorney's Office for the Eastern District of Pennsylvania was supported in this matter by the Department of Defense Criminal Investigative Service and the Defense Contract Audit Agency.

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